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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 17, 2000

APPLICATION OF

SBC TELECOM, INC.

CASE NO. PUC000254

For limited waivers of price ceilings for directory assistance and certain operator services, limited waiver of Commission rule governing utility customer deposit requirements, and requests for expedited review.

ORDER INVITING COMMENTS

On September 18, 2000, SBC Telecom, Inc. ("SBCT" or "Company"), filed its Application for Limited Waivers of Price Ceilings for Directory Assistance and Certain Operator Services, Limited Waiver of Commission Rule Governing Utility Customer Deposit Requirements, and Request for Expedited Review ("Application"). The Application requests the Commission to waive the price ceilings set forth in § D 3 of the Commission's Rules Governing the Offering of Competitive Local Exchange Telephone Service, 20 VAC 5-400-180 ("Local Rules"), for the following services: Directory Assistance, Call Completion, Third Number Billed, Operator Handled Calling Card, Collect, Person-to-Person, Busy Line Verification, and Interrupt Services ("Operator Services"). SBCT requests this waiver of the price ceilings pursuant to § J of the Local Rules.

SBCT additionally requests a limited waiver of the Commission's Rule requiring utilities to allow residential customers the option to pay any required security deposit in three (3) equal monthly installments where the required deposit exceeds the sum of forty (\$40) dollars ("Security Deposit Payment Rule", 20 VAC 5-10-20). Instead, SBCT seeks authority to collect customer deposits in one lump sum payment from what it terms as "poor credit customers."

SBCT asserts that its Directory Assistance service differs from that of the incumbent in that (a) SBCT automatically provides Call Completion to customers using its Directory Assistance service, and (b) SBCT's Directory Assistance may be used to access national numbers for the same price as for local numbers. SBCT asserts that because of these distinctions its Directory Assistance cannot be properly priced at or below that of the incumbent local exchange carrier's separate local Directory Assistance and Call Completion services. The Company states it will continue to provide three Directory Assistance calls to customers per month without charge. With regard to the remaining Operator Services for which it seeks price cap waivers, SBCT states that these services are costly to provide and "are intended to be put to use infrequently and only when absolutely necessary." The Company asserts, however, that it has determined that certain users make "regular and repeated use

of these costly services" and that it "wishes to set the pricing of these services in a manner so as to curb such abuse[.]" SBCT states it will include detailed information regarding Directory Assistance and Operator Services pricing in its initial pricing packages provided to its customers.

The Commission notes that if it grants the requested price ceiling waivers, SBCT would have no rate limitations on the prices it could charge for these services. However, section D 3 d of the Local Rules authorizes the Commission to permit pricing structures or rates that do not conform with the price ceilings unless there is a showing that the public interest will be harmed.

In Case No. 19589 (Opinion and Final Order, January 10, 1977), the Commission adopted the Security Deposit Payment Rule. SBCT seeks a waiver of the portion of the rule that allows residential customers to pay any deposits greater than forty (\$40) dollars over three monthly billing periods. A waiver of this requirement would permit the Company to collect the full amount of the deposit in one lump sum prior to service being commenced. SBCT plans to require security deposits only from customers with a proven inability or unwillingness to pay for its services. It does not state how it will identify such customers. SBCT asserts that waiver of the installment aspect

of the Security Deposit Rule is needed to minimize its exposure to bad debt from poor credit customers.

The Commission has concluded that interested parties should be offered the opportunity to comment on SBCT's request for waivers of the price ceilings for Directory Assistance and the previously named Operator Services and a limited waiver of the Commission Rule Governing Utility Customer Deposit Requirements. In light of this, the Commission invites comments concerning SBCT's Application.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Comments concerning SBCT's Application or requests for a hearing, or both, may be filed with the Clerk of the Commission,

c/o Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, on or before November 15, 2000. Such comments or requests for hearing should refer to Case No. PUC000254.

(2) SBCT shall furnish a copy of its Application to any person who requests one.

(3) SBCT shall publish once, on or before October 23, 2000, a notice of its Application in daily newspapers of general circulation in Virginia as follows:

NOTICE BY SBC TELECOM, INC., OF ITS
APPLICATION FOR WAIVERS OF PRICE CEILING
RATES FOR DIRECTORY ASSISTANCE AND CERTAIN

OPERATOR SERVICES, AND WAIVER OF COMMISSION
RULE ON CUSTOMER DEPOSIT REQUIREMENTS
CASE NO. PUC000254

On September 18, 2000, SBC Telecom, Inc. ("SBCT"), filed an Application with the Virginia State Corporation Commission ("SCC") seeking waivers of price ceilings for Directory Assistance and certain Operator Services including Third Number Billed, Operator Handled Calling Card, Collect, Person-to-Person, Busy Line Verification, and Interrupt Services. If granted these waivers, SBCT would have no limitations on the prices it could charge for these services.

SBCT has also requested a limited waiver of the Commission's Rule Governing Utility Customer Deposit Requirements. If granted, SBCT would be authorized to collect customer deposits from certain residential customers it believes will be poor credit risks in a single installment rather than with the customer option of paying the deposit in three (3) monthly installments.

The SCC invites comments or requests for a hearing concerning SBCT's Application. Comments or requests for a hearing should be addressed to the Clerk of the Commission, c/o Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219. Such comments or requests for hearing should refer to Case No. PUC000254 and must be filed on or before November 15, 2000.

Any person desiring a copy of SBCT's Application may obtain one by contacting SBCT's attorney, David W. Clarke, Esquire, McCandlish, Kaine & Grant, P.O. Box 796, Richmond, Virginia 23218, telephone number (804) 775-3805. The application may also be inspected in the Commission's Document Control Center during its regular business

hours of 8:15 a.m. to 5:00 p.m., Monday -
Friday.

SBC TELECOM, INC.

(4) On or before November 22, 2000, counsel for SBC Telecom, Inc., shall provide to the Commission proof of the notice and service required by Ordering Paragraph three (3) herein.

(5) This matter is continued generally.